The Worid Since 1914. Final Lecture (7 May 1976)

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By Carroll Quigley

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[Ladies and Gentlemen. Your final exam will be]

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...on Friday the 19th, in the late afternoon. And I will not tell you where it is, but you can gather it all XXXX I won't tell you where it is XXXX. I wouldn't want to say something that is wrong. XXXX

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You're responsible for the whole semester, the lectures and the readings. There probably will be two questions; and they will not necessarily be one on the lectures and one on the readings, because I will expect you to use the total information you have to answer these questions. Now, the course has consisted of my efforts to increase your understanding of the world of the 20th Century, not only the world of the Third Bloc (the under-developed areas, or whatever you want to call it), but also our own Western Civilization and, for the last month, about our own United States, which, of course, are part of Western Civilization.

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To-day is my last day of teaching; and I have been teaching for 41 years on the university level. If I were to go back a little. I'm 45 years older than you, and for 41 of those I have been teaching in the university. If I were to go back to my stage that you're in, let us say, sophomore year (Some of you are sophomores, except for the juniors, you're sophomores. You're about 20 [years old]). We were in a tremendous crisis in the United States in 1930. To-day in 1975 we are in a much worse crisis. The crisis that we were in in 1930 was a crisis that took me many years of analysis.

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I was studying at that time economics. And I found by early 1931, notably before the final exam in the first semester of my economics course, that economics was a enormous accumulation of myths that had very little relationship with reality. For example, we were in an acute Depression, with thirty, thirteen million, one quarter of the employees of the United States, un-employed. In Germany it was even worse. Their situation. And I finally came up with what seemed to me an explanation. I will put it on the board here. This is the crisis of 1933, and it consists of something like this:

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[Writes on blackboard]

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That is, if there is demand, this creates confidence. If there is confidence, this leads to investment. If there is investment, this means purchasing power. If there is purchasing power, this creates demand. There was inadequate purchasing power. The result is there was inadequate demand. The result was there was little confidence and no investment. The result was that our economy was filled with goods that could not be sold.

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The reason, the chief reason for this, of course, was there was an unequal distribution of the national income, so that a small group of people was getting a very large part, about 2% of the population were getting at least a quarter of the national income. And about 60% of the population was getting less than a quarter, I think it was 22%, of the national income. The result was that consumer goods could not be sold because people didn't have -- consumer goods -- didn't have the purchasing power to buy the things that they needed. And they were hungry.

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And, as a result, there was enormous accumulation of wheat and cotton and unsold automobiles and unsold everything. And we had idle men, idle factories and idle money. And we couldn't bring those together. The only way to bring them together is XXXX build more factories. But nobody s going to build more factories when you cannot sell what the existing faculties have available. The warehouses are loaded. So why build more factories to produce more goods? The reason is that....

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Already the American economy was a cancer economy. And a cancer economy is a system which has intrinsic, built into it, unrestrained growth, and you cannot stop it, even though it kills what it is in. So when your body when it is killed by cancer, if it is, will be killed because half of your body's cells are growing and growing and growing and growing. And they're not going to stop growing. Now this is this system.

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There was a tremendous controversy. The controversy was over, between those who said: the only way to start this thing going is to increase confidence. Those we called Republicans or conservatives And during the campaign of 1932, Franklin [Delano] Roosevelt [1882 - 1945, the 44th governor of New York, 1929 - 1932, and the 32nd president of the United States, 1933 - 1945] was one of these.

He said we must balance the budget, reduce spending, restore confidence, and so forth.

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Now, I'll go over only briefly, but when when you've read it in the book, you should understand it. They increase confidence by increasing the value of the money, of the dollar. In order to keep the value of the dollar high, they said you must keep on the Gold Standard. In order to make the value of the dollar high, and you know this now, you must have low prices. Because the lower prices go, the more you can buy with a dollar. And this increases confidence in the dollar. So the people who are concerned with the value of the dollar are the people who have savings; and they will not invest those savings unless they see that the value, the prices are low. Furthermore, they will not invest savings unless they see that costs are low,

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Because, if you drive prices down, it is, decreases wages, decreases rent, decreases the cost of materials. Here it is: land, labor, materials, energy, legal costs, management. If you are going to invest, you're going to spend money for these things. We call that rent, wages, cost of materials, cost of energy, fees for lawyers, salaries for management, and so forth and so forth. And you are going to do that, then, if costs are low. But what had happened here is: you're not going to do it, because you also have to sell the goods you can produce. And that's a question of purchasing power.

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So what the New Deal did, and the New Deal was not a success. It did not reform the system. In fact, Franklin Roosevelt was an extreme conservative. And you can, with what you've read in the book, show that. For example, he had the right to issue fifty million, fifty million, was it?, [dollars] in greenbacks, and he held that [right] for more than twelve years, and never issued a dollar. XXXX he could just print it, money, and given it to people, to increase purchasing power.

Instead he thought that, if he put purchasing power in here (and this is the New Deal, this is [John Maynard] Keynes [1883 - 1946, 1st Baron Keynes of Tilton in the County of Sussex, 1942 - 1946]. Keynesian economics), put purchasing power in there, the system will go. The old method: Herbert [Clark] Hoover [1874 - 1964, the 3rd Secretary of Commerce of the United States, 1921 - 1928, and the 31st president of the United States, 1929 - 1933], and the bankers, and so forth, said: Increase confidence there. But to them, increasing confidence means deflation. So this is a deflationary crisis.

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To-day we have a totally different kind of a crisis, much worse. For one thing, it is an inflationary crisis. You can see that. The reason is that banks have changed totally their rôle. Back in that period banks had a creditor status, *i.e.*, money was owed to them. Creditors like low prices. Inflation injures creditors, because it make the value of the money owed to you greater [actually, lesser]. You have to understand these principles, either through economics or by from what you've read in my book Because of the fact that bankers were deflationary here, they held only credit and any organization they controlled held only credit. For example, they controlled insurance companies. Insurance companies invested their money often entirely in bonds They controlled various other banks. These various other banks invested their money only in bonds.

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There was one man who dominated this whole economic system of 1930: J[ohn] P[ierpont] Morgan [Jr., 1867 - 1943]. And you've read about him in my book. J. P. Morgan largely controlled, and certainly controlled the investments of Harvard, Yale, Columbia, and a number of other places. But not Princeton. Princeton was controlled by the Prudential Insurance Company through a man named [Edward Dickinson] Duffield. And when Duffield's president [John Grier Hibben, 1861 - 1933], who was [the 14th] president of Princeton for 25 years [1912 - 1933, died]. I guess this is in the book; I don't really have time to tell you. They presented him with a car; and he immediately went out and killed himself and his wife by running into a tree. So Duffield made himself [acting] president of

Princeton for one year. And then he met a man who was so stupid, so insecure, that he knew he would obey him, so he made him president. His name was Harold [Willis] Dodd [1889 - 1880, the 15th president of Princeton University,1933 - 1957].

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And the dean of Princeton said to me one time: "Good God, we can't stand this guy". I lived with the dean of Princeton in his house, in part of his house, with separate en[trance] and separate bath, but I lived with him. His name was [Francis Richard Borroum] Godolphin [1903 - 1974, dean of Princeton College, 1945 - 1955]. He said: "We can't stand this guy". He said: "Jim [James Bryant] Conant [1893 - 1978, the 23rd president of Harvard University, 1933 - 1953] may lead Harvard down a rat hole, but at least he'll lead them". So that's what happened. Duffield put Dodd in, and he died -- leaving Dodd for years with no one to tell him what to do. So he had breakdowns every two years and they had to hide him away for a ye-, few months. And yet he remained president of Princeton. I know these things because I knew these people. I lived with them. On a daily basis, I knew what was happening. Both at Harvard and at Princeton. My first job, 41 years ago, was at Princeton. Later on, I was asked to teach at Harvard.

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Now, this then is a totally different system. All the universities were, endowments were in bonds, not in stock. Not in equity. They set up foundations. Foundations were invested in bonds. If you are in bonds, then you want deflation, because you are interested in the value of money. But if you leave bonds, and cease being a creditor, and become an owner, then you have everything that you want in, what you call, equity. And if you are in equity, you want inflation. To-day all the banks, all of the endowments of the old universities, and all of the holdings of the Rockefellers are in equity.

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I have a very extensive list of the holdings of the Rockefellers. The Rockefeller family to-day is much more dominant than J. P. Morgan was back here. But it's an entirely different system. They own equity. These people had claims to wealth, therefore they were deflationary. To-day we are in the middle of an inflation, which is deliberate. Now, I cannot produce telephone recordings which prove that these bankers, is deliberate. But it is perfectly obvious to anyone who watches. For example, the interest rate, the discount rate, by the chief banks in New York, controlled by the Rockefellers and their associates, in the past year and a half have lowered the interest rates from 12 percent to 7 percent. Nothing could be more inflationary than that. Now I won't. Eventually, to begin, I will explain why they're doing this. There's a very good reason for it.

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In the meantime, let's look at our economic system. If we look at a single enterprise (micro-economics), you're expanding this.... Let me start with a broad definition: Capitalism. Capitalism is an economic system motivated by the pursuit of profit within a price structure. And it's been around for a long time. It's been around since about 1200. You are seeking profits. What are profits? Profits are selling for more than you spent [in producing]. All right, here's the costs of production. Here is the selling price you wish. This is profit. This is what you're after. Furthermore, in a capitalist system you are supposed to maximize profit. This is what I call insatiable greed. It's all a matter of vocabulary. Maximizing profits and insatiable greed are exactly the same thing. It means that you are never satisfied with your profit[s], whatever they are.

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But there's something very strange about this. If each factory is given into the market.... And you know what the market is like. The market is the place where people come with money. People come with goods. And they try to exchange them. And if you increase the supply of goods, it is deflationary. Increase the supply of money, it's inflationary. And so forth. You know all about this. And what happens is suppliers of goods compete with each other, to lower prices. Suppliers of money compete with each other, to raise prices. And

suppliers of goods and suppliers of money haggle together, to arrive at a price. And it will be defensible if they arrive at a price which clears the market of all the goods that came into it and of all money that came into it. So all the money in the market is exchanged for all the goods being offered in the market. All right, I'm simply giving you the obvious things that you must know

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All right. Any single enterprise -- General Motors, anything, anyone you want -- has put into the market only this.... But it is trying to sell to this price. "Selling price" is greater than the "cost of production", right? Suppose that there are ten enterprises. Ten enterprises put, in time, selling price into the market and they are now trying to take out, in time, XXXX the same thing. They put into the market this much and they are trying to take this much out. But each enterprise, and the total of the whole economic activity, is trying to take out of the market more than it has put in. Utterly impossible. How can you take out more than was put in? The answer is simple. I have given you here only a moment of time. A moment of time falsifies anything. These are flows. All right now, XXXX the whole economic system. A flow of rent, a flow of wages, a flow of all of these. And a flow of profits. And since the profits are now flowing through the market too, you will have enough money, won't you?, presumably, to buy the goods. Because, if the profits are flowing in, and making purchasing power, this then is the total of purchasing power. But it is also the income of the system. So the total income of the system is the total selling price of all goods and services being produced, which is also, presumably, the total purchasing power available. So it should work. However, and I showed you before, It will not work, because that total income is inequitably distributed. And much more so to-day than in 1933. Much more so.

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In other words,.... I don't have the exact figures now, but the 4 or 5 percent to-day control much larger incomes, much, much larger, than they did in 1930. The income of a single family, the Rockefellers to-day, is so fantastic that they themselves could never tell you how much it is. Just as they XXXX tell you

exactly what they control and what they don't control. But I can assure you that all of the figures given by Nelson [Aldrich] Rockefeller [1908 - 1979, the 49th governor of New York, 1959 - 1973, and the 41st Vice President of the United States] under oath in his confirmation hearings were false. And he admitted that, because he changed them three times. XXXX In one case he XXXX The thing is he hasn't been.... He could easily say "My income is zero". That is all family controlled. In fact, the, that system broke down because it derives XXXX For instance XXXX, du Ponts divided up among the individual members of the family. And the result is du Pont XXXX through the courts to-day XXXX relatively speaking Oh, they control Delaware. They have very significant, very significant political power in Florida, because of Alfred P. [actually, I.] du Pont's estate, which is being administrated by a man [Edward Gresham Ball, 1888 - 1981] who must be 90 now. Alfred P. [actually, I.] XXXX Alfred P. [actually, I.] du Pont [Alfred Irénée du Pont de Nemours. 1864 - 1935] died, my guess would be, twenty, twenty-five years ago [actually, forty years ago]. But the estate is still XXXX in Florida. But in any case, it has nothing to do has nothing to do the Christiana - du Pont [Securities Company] up in Delaware. XXXX on their own. But, in the course XXXX, The Rockefeller system, it is five major corporations and they are run by one man. And that became XXXX Rockefeller. He gave testimony at the confirmation hearings and he evaded answers to all questions. But he's the man who runs pretty much the whole system.

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But in any case, it is a totally different kind of system Now, notice what we have here. The flows are adequate if they're all spent. But they are not all spent. XXXX. Because very rich people cannot possibly spend all their income. And even poor people, like me, do not spend all of our income We save. And we may put it in the bank. We may put it into anything. But notice, we put it into medical insurance, life insurance. We put it into retirement pensions. And so forth and so forth and so forth. All of this is spending. Furthermore, all such spending by middle class people, including your parents and me, is middle class. And it makes the middle classes the only significant creditor group in our society to-day. People who have claims on money. For retirement, insurance, of all

kinds. XXXX money. XXXX (The Rockefellers don't have any of this. They own property and have incomes from property.) All right. Notice. This then is the amount of purchasing power. It is the same as the amount of selling prices. So that what should.... XXXX Let me analyze XXXX.

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Now, there is a considerable amount taken in the form of taxes by the government. And there is a considerable amount saved. These two things make the purchasing power inadequate. Now what I should have done here XXXX All right, you have the government here and the corporations here. The chief saving in the United States to-day is by corporations, because they have the chief income. Most of the income in the United States does not go to living people. It goes to corporations. And they then invest it, or do anything they want with it. You saw that a hundred million [dollars] a year was being spent illegally, by the Library of Congress study issued two weeks ago, by 24 corporations. All right, that is part of their savings. So bribes, expenditures of all kinds, political contribution, everything, is... Now, that goes in savings. It may go into savings banks. That's "SB". It may go into investment banks. That's what J. P. Morgan was. By investment banks, I mean: you buy securities, or bonds. Or it may go into commercial banks. And they presumably will put it out into the system, as investments. All right, so we'll say here's savings coming in and here's investments going out.

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Ah, but there is a third thing. Credit. Commercial banks can make money. Whenever they please, they can increase or decease the supply of money. And this was well-established. And I give you quotes in my book from innumerable authorities, that beginning with [William Ewart] Gladstone [1809 - 1898, Prime Minister of the United Kingdom of Great Britain and Ireland, 1868 - 1874, 1880 - 1885, 1886 and 1892 - 1894] in 1852, when things had hardly got started. And ending up with *The Wall Street Journal* of 195-, in 1931 with a quotation that I have in my book. And I have a number of other quotations from people. Reginald McKenna [1863 - 1943, the Principal Secretary of State for the Home Department,

1911 - 1915, and the Second Lord of the Treasury and Chancellor of the Exchequer, 1915 - 1916] would be the chief one. Reginald McKenna's quotation. And he was Chancellor of the Exchequer in England and was the chairman of the board of the largest banking system in England. It was in those days, called the Inland, the Midland Bank.

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All right, they make money for his credit, which is a money making thing. This means that they can put into the system here more than came out here, if they wish. At the same time, of course, the government is taking money in taxes. But notice, taxes come almost entirely from natural persons. Now, I'm going to put it back out of here. And then there are what are called in Latin, and, in the old law, "*persona dicta*" And I will put in down that way, "fictitious persons". They're corporations. If you look at the taxes paid by large corporations, they're infinitesimal. I pay between a quarter and a third of my income in taxes. And if I include local taxes, then it's a third of my income. So 33%. Very few corporations, and none of the big ones, pay more than 5%. And they do that, make that appear, by very tricky book-keeping. If it were a solid analysis of what they were paying, it would be less than 5%. So, what goes out in taxes here is largely from natural persons, not from corporations. And the government may spend those taxes; in fact, it does. So this comes out as government spending. Thus the amount of purchasing power in the community is what's in here. And what is in here (I don't know why I'm looking at now) what is here, that's purchasing power, back in 1933 was totally inadequate to provide the goods that were pouring out into the market, because, you see, that in addition to..., This is money, I'm talking about here. But this factory's, or the economic system, is also pouring out goods and services. And those goods and services will be used up only if there is adequate purchasing power here. XXXX good at things. Goods and services, and that "goods and services" includes the services of professors of history or administrators or many others. All kinds. Military service. Anything you want.

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Now, this is XXXX what is it that determines the amount of the purchasing power. It is determined by government spending, or whatever is flowing out of here. And what's flowing out of here is largely a result of the credit policies of banks. When banks shifted over from being determined to keep prices low, determined to stay on the Gold Standard in order to keep prices low, and determined to invest everything they had in claims, in money, money claims, to make them creditors in a monetary way. When they abandoned that, and went into concern with equity, real estate, own property, Gulf Oil bought the Holiday Inn. Gulf Oil bought the Ringling Brothers Circus. So forth and so forth. This is called increasing the output of fossil fuels. And we're cheering them on. All right, now, when they made that change, they became inflationary. And the proof that they became inflationary is that they expanded credit to the maximum that they possibly could, and they persuaded every individual, and every corporation, including Georgetown University and every university in the country, to go into debt way over their head. For example, fifteen years ago to approximately eight years ago, every couple of months I received in the mail a credit card from some credit thing. My son [Thomas Fox Quigley, 1941 - 1995] received so many that he couldn't carry them all. And they now, they then had wallets that were this long, with transparent....

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[He is] thirty-four now. Every. Never sees any money or touches any money. When he gets paid at the end of the month, he sits down and he writes out checks for all these bills that came in. He has credit cards for everything on God's Earth, and every bank that you can think of, and, you know, all these.... Notice, on the front of stores now; We Accept: Central Charge, and American, Bank of America, AmeriCard, all of these. This is a new thing. In 1930 they did, banks did not finance consumption. Consumer goods. They only financed investments. And you could not borrow. That's why, if you wanted to buy an automobile in 1930, '40, '50, you had to go to a finance company, not a bank. And

Ford Finance [actually, Motors] had their own finance company; General Motors, had their own finance company. And they concealed what they were charging you. They were charging you 18 to 20 percent interest. And this is why the government passed this honesty-in-lending thing. That they have to tell you now precisely, of each monthly payment, what goes for interest, what goes for reducing the amount of the debt, and what the rate of interest is XXXX to-day on an annual basis. But notice, financing consumption was a totally new thing. Furthermore, they threw up these things at you and to-day almost every person is over their head in debt, particularly the lower classes. It is not true of the middle classes. The middle classes have certain restraints. The lower classes do not. They are deeply involved in debt. And the credit card, they buy, all the cars, everything, are on credit, and they're XXXX buy all kinds of cars that were recovered, because somebody couldn't keep up the payments. They don't bother investing. They don't care about your credit, really. They sell it to you and then will re-capture it, if you don't make the payments more than a couple of months. And they can still sell it and they have XXXX a couple of months payments from you and a couple of months from somebody else, and a couple months payments from him, and so forth. That's the way things go. Now, what we have to-day then is tremendous amount of credit coming into here; but notice, it is privately controlled.

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Furthermore, it is almost impossible to find out what's going on. Ah, [John William] Wright Patman [1893 - 1876, member of the United States House of Representatives from Texas, 1929 - 1976], who is, hates banks, just like Henry Ford [1853 - 1947] hated banks, is the head of the House [of Representatives] committee on banking. Has been for years. They've tried it, but they could't get rid of him. They can't get rid of him. He had an investigation about, oh, should be 6 years ago, on commercial banks, like Morgan Guaranty, National City (First National, it is now). See they, what they do is they absorb others. The Morgan Guaran--, of course, went out of business. Morgan Partnership went out of existence in 1940 when it incorporated. And then it went out, out of existence as a significant bank. But it was merged with one of

its, commercial bank. Guaranty Bank. And so forth. All of these banks are pouring in credit XXXX, but they are all holding equity. Now, the Wright Patman committee produced a two-volume study of the whole issue of commercial banks. And every effort was made to suppress that. If you do not think things can be suppressed, I assure you books, government reports, all kinds of things can be suppressed. I tried to get a copy of this two-volume report on the credit XXXX in the United States and I've been told by the Speaker's office that the Speaker [John William McCormick, 1891 - 1980, the 53rd Speaker of the United States House of Representatives, 1962 - 1971] himself did not get a copy. That the copies were locked up in a back room and the employees themselves are searched every time they left the room to make sure they haven't taken them out. I'd be foolish if I didn't tell you that I do have that report. [Laughter] Let me give you one, another example about what's going on. Someone might break into my house, you know. I know many other reports that have been suppressed, of this kind. I could give you a list of them. The history of them. There's books of them. I told you about the book that was suppressed. The one on the China involving in [American] politics. It was suppressed. My own books were repressed. Both of them by Macmillan. And there are various other books, books that are reported as repressed.

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For instance, Harley [Martin] Kilgore[1893 - 1956, United States Senator from West Virginia, 1941 - 1956]. Senator Kilgore of West Virginia, for years, sent me all the reports of his committee on monopoly and similar things, and some of these were repressed. One in particular was repressed. So it's a repression of information. The reason they want to repress information is this, this is the chief reason: that we now have mutual funds. In the old days, if you wanted to buy shares, XXXX you bought a hundred shares of General Motors. And this means you would share in their profit, if any. This is what's called a dividend. To-day, however, they have corporations which buy shares and collect the dividends, so the dividends.... They own shares, of all kinds. All kinds of corporations. The dividends come in and go through. They take what they want themselves. And then they pay out to the people who bought shares in that investment. It's called

an investment fund. It's called a mutual fund. Now anyone who invests in a mutual fund is really pretty much XXXX nominal. Because they take out such a share, that you'd do much better if you just take your money and put it in a food processing corporation. Food processing corporations, for thirty, forty, fifty years, at least -- And I fol--, used to follow on a monthly basis, very carefully, in New York -- were earning 12% or more, even through the Depression. And if the conditions improved slightly, they would maybe 18%. So if you wanted to put money in something like this, you know, it'd be much better.

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But what I'm concerned with, however, is not the fact that middle class people bought mutual funds and get [just] part of the returns from the shares that the corporation bought using the money to pay for this. What I'm concerned with is: who votes those shares? Who voted XXXX. Because that is what you gave up. How conveniently XXXX they voted XXXX knock out. They voted for them, no matter what they're doing. But these same banks vote the shares. This means that if you are a very, very big shot banker, you will not control just the corporations that you have invested in. You control those corporations that you can vote the shares that are being held by the trustee. Now, who is the trustee? The trustee is the trust company that was given control of the shares by this corporation and who guarantee the payments will be made. And these are the biggest four or five commercial banks in this country, including Morgan Guaranty, First National City, Chase Manhattan, it's the three of them, and a couple of others. So they can control every significant corporation in the United States. Thousands of people. Now, now savings are part of.... Oh, suppose the government has not balanced the budget? This means that the government is putting into savings, in spending here more than it's taking from people in taxes there. They have to get that from the banks. When I drew the diagram here, I put the banks up here, but it became too complicated. In other words, if the government needs money it has to come down to these bankers and borrow from the banks.

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This is the way we sold the war bonds in World War II. We had seven big war bond drives in World War II. I never bought one. Because they were a lie. And they had Bob Hope [1903 - 2003, born Leslie Townes Hope] and everybody that you had ever heard of. In those days they really had some people. Some senior actresses in Hollywood. I saw figures that came out yesterday. There's only one female actress to-day, significant in Hollywood to-day. And I do not go for Barb[a]ra [Joan] Steisand [1942 - 2---]. She's not my type. XXXX Anyway. Now, they sold these bonds to the public. Series E. XXXX The drive went on for sixty days, or ninety days, or whatever they said. And they gave occasionally a score. They were going to raise seven billion [dollars]. And they said, at the end of -- a sixty day drive, let us say -- at the end of the fiftieth day, they had sold almost one billion. All right, on the sixty-first day, you read in the newspaper: "The big 7th [war bond drive] went over then top". The Victory Drive. Every one of them went over the top. It's a lie. What they did is, just before midnight on the last day, they gave the rest of them to the banks. And the bankers XXXX paid [for] them in credit. Now, the difference here you read in my book: there's all the difference in the world between financing a war with selling bonds to people. That is deflationary. But selling bonds to a bank, that is inflationary. Because they can make the money to buy the bonds and add, therefore, to the supply of money. But if you, as a person, went and bought from the Treasury a Series E bond, then you give them your money and you take your money out of the system. Now, even when they [governments] spend it, they're only going to put back the money that you gave them, and they do not increase the supply of money.

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The result is that the whole system to-day is inflationary. It's inflationary because that is what the small group of people who really dominate the system want. And they want it because they are in equity. Now, the real reason they want that is not just because they value their equity so much, every piece of land they own, every security they own and control, including XXXX. It's that, is that having pushed credit to the absolute limit in everything they control, including everything in the United States, to-day every significant entity in the

United States, and that includes corporations, is technically bankrupt. By "technically bankrupt" I mean that their assets are less than their debts. Now, you know a lot of these. And they'll always tell you it's crookedness. Well, sure, it's crookedness. Even the ones that didn't go bankrupt are run crookedly. But you know Boeing, Penn Central, New York City, Lockheed, Pan American (I said that, didn't i?), in England, Rolls Royce, Chrysler of England, which is now pulling out of England. All these are bankrupt. They are all bankrupt because they borrowed more money than they possible could ever pay [back]. All right, what you do is exactly what the Germans did in 1923. That is, you deliberately inflate. If you can double prices, you cut the burden of your XXXX debt in half. Because if you double prices, you can sell, if you're making Quaker Oats,.... If you double the prices,.... And they certainly did double it. Now it's 110. That's $1.10 for two pounds of Quaker Oats to-day. Even though you can buy it in health stores for 29 cents a pound. But they got some nice XXXX, you see. And so forth. It has gone up from 59 cents to $1.10 in little over a year, they doubled it. So this means, they sell, if they sell the same amount of [Quaker] Oats, they take in twice as much money. And it means that the burden of their debt has been cut in half.

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Now, notice what happened in Germany. By the end of 1923 in Germany the inflation had gone to the point that money was worthless. Worthless. And all debts had been wiped away. No one would even take the trouble to collect a debt. To be specific: In 1903 a German takes out a twenty year endowment insurance policy. He pays no money a year; and, at the end of the twenty years, he collects a hundred thousand marks. In 1923, when that twenty year endowment policy becomes mature, and he can collect that hundred thousand marks, he will not collect it. He will not write a letter saying "Send me the check", because a postage stamp costs four billion marks. And nobody is going to spend four billion marks to mail a letter saying "Send me a check for a hundred thousand", It was all wiped away. Now, what the Dawes Plan tried to do, therefore, was re-establish such a debt on German industry, the German railroad system, in order to use the new debt income to pay reparations payments. That was the Dawes Plan,1924. But, of course, then they wiped that away. Then. J.P.

Morgan did all of this. As you know from reading my book. The Young Plan, January '30, and so forth, were all handled by him. [Charles Gates] Dawes [1865 - 1951, the 30th Vice President of the United States, 1925 - 1929] was one of his stooges, from Ohio. XXXX he was Vice President of the United States, and so forth. He was a banker from Ohio. And Owen D [no middle name; just the letter D] Young [1874 - 1962, the chairman of the board of General Electric Company, 1922 - 1945] of the Young Plan, was the head of the Schenectady General Electric, which was entirely a Morgan firm. He was XXXX

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All right. Insatiable greed, well, let me say this, can be satisfied only by total control of our economic life through corporations' reducing all individuals to a subsistence level. In other words, these must all be reduced to just the level of subsistence. And all wealth is owned by this. Now, for thousands of years the rich people exploited the poor. To-day there is no point in exploiting the poor any more. They have gone down to the subsistence level. They haven't got enough of value to take it away. And they're getting very unruly. Notice, New York [City] has become bankrupt, but nobody is suggesting they cut welfare payments. They don't dare. So they're going to cut all government services: garbage, police, fire, everything. Because they don't care what happens to the middle class. They ought to XXXX get themselves killed in New York in order to do that. Now, these, you must get the money now from the middle class. The middle class is a creditor class. And you take away from them the value of their credit. I have insurance policies. I suppose they, maybe a hundred thousand dollars, I don't know what it is. I never even paid any attention. I just know that for years they have taken out of my [pay] about, well, hundreds of dollars a month, they've taken out of it, for retirement, and these various things. Now, all of this will become valueless as the inflation continues.

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So you ask: why is this? Notice, I told you the liberals want to destro, destroy communities, and create isolated individuals. Like that judge [Wendell Arthur Garrity, Jr., 1920 - 1999, a Judge on the United States District Court for the

District of Massachusetts, 1966 - 1985] **in Boston who took, just, over Boston high school**[s]. **He is just going to run them himself. XXXX The conservatives want to reduce government expenditures. Remember the system I put up here. Government, corporations -- the field of action -- communities, individuals. And they all act in the field of action, which is public decision-making. Corporations and corporation people want to destroy government. You see Jerry** [Gerald Rudolph] **Ford** [1913 - 2006, the 40th vice president of the United States, 1973 - 1974, and the 38th president of the United States, 1974 - 1977, born Leslie xxx xxx] **constantly saying we must reduce the rôle of government. His** [1974 - 1977] **Secretary of the Treasury** [William Edward Simon, 1927 - 2000] **is committed to reducing the rôle of government to nothing, if possible, because he is a devoted disciple of Ayn Rand** [1905 - 1982, born Alisa Zinov'yevna Rosenbaum]. **Devoted. They're close personal friends. They're going to reduce government to almost nothing. And that is what the cor--, conservatives are doing. The liberals want to destroy communities. XXXX If you destroy both government and communities, what you really get is corporations and atomized individuals.**

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And that's what they're working for. It won't work. For this reason: you cannot retain law and order with atomized individuals. As soon as they finish this Metro subway system, very few people will ever go on it, It's not safe You can only control human behavior by internalized controls, not by externalized controls. And you only can get internalized controls in community. So what we have is: the conservatives and the liberals are both working for the same goals: to reduce our society to atomized individuals. And they will then be subject to corporations at a subsistence level. But they'll never get that far. Because you can always opt out. Opt out if you want. You can always start eating organic foods. And doing things that are important. Time is up. Thank you very much.

[Applause]

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